SRI policy UnitedPensions

(including SFDR statement)

Introduction

To realize the intended pension payment in the short and long term, UnitedPensions invests the entrusted funds in a responsible manner. The objective of the investment policy is to invest carefully to provide the promised benefits to members with an acceptable level of risk.

To meet this objective, the OFP has implemented a series of means and techniques that determines a selection of possible asset allocation choices for the Sponsors, with the goal of balancing the plan from both short and long-term perspectives.

The OFP offers a range of pre-defined investment profiles (Investment Options) or with a bespoke strategic asset allocation for sponsors with large Separate Funds.

This document sets out the policy of UnitedPensions (hereafter UP) on Socially Responsible Investment (SRI). SRI is an integral part of the investment policy. The fund carries out a SRI policy and reports on the implementation of the responsible investment policy every quarter on the website.

The document will first discuss the SRI policy, followed by the chosen principles for SRI. Subsequently, the SRI instruments used by the fund and the reports are discussed. And finally, the statement of SFDR.

Assumptions

For its responsible investment policy, UP uses an internationally accepted framework for corporate responsibility, namely the United Nations Global Compact (UN Global Compact).

The UN Global Compact covers four main themes:

- Human rights;
- Labour;
- Environment;
- Anti-corruption.

These four main themes are translated into the following 10 principles of the UN Global Compact:

1. Businesses should support and respect the protection of internationally proclaimed human rights;
2. Businesses should make sure that they are not complicit in human rights abuses;
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. Businesses should uphold the elimination of all forms of forced and compulsory labour;
5. Businesses should uphold the effective abolition of child labour;
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation;
7. Businesses should support a precautionary approach to environmental challenges;
8. Businesses should undertake initiatives to promote greater environmental responsibility;
9. Businesses should encourage the development and diffusion of environmentally friendly technologies;
10. Businesses should work against corruption in all its forms, including extortion and bribery.

The UN Global Compact consists of the above ten widely accepted principles. The principles are derived from international treaties such as the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention Against Corruption. The UN Global Compact requires companies to embrace, support and practice core values in the areas of human rights, labour, the environment and anti-corruption within their own sphere of influence.

SRI instruments

Passive solutions

A wide range of responsible investing instruments is available. UP has been actively considering its ESG policy and has focused on equity investments initially and will evolve this over time as much as possible within the framework of socially responsible investing. The investment manager has adopted an approach to responsible investment in line with the Principles for Responsible Investment (PRI) framework. The investment manager has adopted an approach of ESG Integration with an initial focus on the equity assets.

UP utilizes the following socially responsible investing instruments in the equity portfolio:

1. Screening for violations of international standards
This means screening the investment universe for companies that violate human rights, labor standards, environmental standards and anti-corruption rules. This involves analyzing the impact and scale of the company's behavior on the society and the environment and irreversibility of the potential violation.

2. Engagement, entering into a dialogue with companies
As a committed investor, we believe it is important to actively engage in dialogue with companies in which we invest, aiming to achieve positive behavioral change and to encourage companies to create long-term value. In addition to influencing company behavior, a second goal is to exchange views and knowledge. Engagement is therefore a central instrument in our SRI policy.

3. Exclusion policy;
The following exclusions apply:

- Controversial weapons;
- Tobacco;
- UN Global Compact violators;
- Thermal coal exclusion screens based on the following criteria:
    - Maximum 5% revenue from thermal coal: Screen for companies having a substantial exposure to thermal coal mining and extraction;
    - Maximum 30% revenue from Generation thermal coal: Screen for companies having exposure to coal-fired energy.

4. Voting at shareholders' meetings;
Exercising voting rights at shareholder meetings is one of the most important shareholder rights. The Pension Fund invests in equity investment funds that make use of proxy voting. This means that the voting right is reserved for the manager of the investment fund.

Active solutions

The ESG Policy for the active equity portfolio is in line with managers approach to responsible investing. The underlying active equity managers are rated by the manager that indicate that the investment manager is aware of potential ESG risks in the investment strategy and have taken actions to identify, evaluate and potentially mitigate these risks.

Reports

Transparency is inseparable from a good socially responsible investment policy. We therefore report twice a year on the implementation of our responsible investment policy. The reports are accessible via the website. The following documents are published for the passive solution:

On quarterly basis the engagement report is at www.northerntrust.com/engagement.

The voting policy is published on www.northerntrust.com/netherlands/what-we-do/investment-management/stewardship/proxy-voting-policies.

SFDR statement

Introduction

On March 10, 2021, the European Regulation on disclosure of sustainability in the financial services sector (the Sustainable Finance Disclosure Regulation (SFDR)) will enter into force. The SFDR is part of the EU Sustainable Financing Action Plan and contains new rules on the provision of information about the sustainability of investments.

The goal of the SFDR is transparency, to make products and financial market parties comparable and to combat greenwashing (pretending to be more sustainable than products are). The SFDR applies also to pension funds.

The pension fund complies with Regulation (EU) 2019/2088 of 27 November 2019 on disclosure of sustainability in the financial services sector (SFDR). In that context, the pension fund makes the following statements about transparency of the policy on dealing with sustainability risks, the impact of investment decisions on sustainability factors and the remuneration policy of the members of the board with regard to sustainability risks.

Remuneration policy

The Pension Fund complies with Regulation (EU) 2019/2088 of 27 November 2019 on disclosures about sustainability in the financial services sector (SFDR). Our fund's remuneration policy does not encourage excessive risk-taking associated with sustainability risks. The pension fund pursues a remuneration policy that contributes to the prevention of (apparent) conflicts of interest, the prevention of taking unacceptable or undesirable risks, including sustainability risks, and the prevention of incurring costs that are not in the interest of stakeholders in the pension fund.

Information about unfavorable factors

UP does not consider the main adverse effects within the meaning of Article 4 of Regulation (EU) 2019/2088 of 27 November 2019 on disclosure of sustainability in the financial services sector (SFDR) and the upcoming secondary legislation. UP will make a reconsideration as soon as the technical details (Regulatory Technical Standards, RTS) have been officially.